

REDACTED VERSION OF EXHIBIT

Exhibit 3-B

Strategic Analysis Engagement Letter

Contract Work Authorization (CWA) - PG&E Law Dept.

MATTER NO.	1807444 (PG&E Law Department)
TOTAL PAGE COUNT:	Page 1 of 22
CONSULTANT or CONTRACTOR LEGAL NAME:	PricewaterhouseCoopers, LLP 3 Embarcadero Center San Francisco, CA 94111-4004
CONSULTANT REPRESENTATIVE NAME:	Morris Jones
PG&E CONTRACT ADMINISTRATOR:	Law Department Budget Group and Brian Wong
PHONE:	
PROJECT TITLE:	Project Falcon
PG&E WORK SUPERVISOR:	Brian Wong
PHONE:	
DATE PREPARED:	12/11/2018
PREPARED BY:	PG&E Law Department
REQUIRED START DATE:	12/1/2018 Contractor shall commence performance hereof when authorized to do so by PG&E.
REQUIRED COMPLETION DATE:	3/31/2019
CWA PRICING:	TOTAL: \$5,000,000
<input checked="" type="checkbox"/> NOT TO EXCEED	
<input type="checkbox"/> FIRM FIXED PRICE	
<input type="checkbox"/>	
Send ORIGINAL Invoice to	<u>GenlCnsLawPaymentProcessingGroup@pge.com</u> or mail to: PG&E Law Department PO Box 7133 San Francisco, CA 94120-7133
Copy of Invoice Attention Address	Brian Wong 77 Beale Street, Mail Code B30A San Francisco, CA 94105
DESCRIPTION OF WORK SUMMARY:	All related work and information associated with the project is detailed in Exhibit 1, Statement of Work. ALL WORK PERFORMED UNDER THIS CONTRACT IS AT THE DIRECTION OF THE PG&E LAW DEPARTMENT. ACCORDINGLY, ALL COMMUNICATIONS REGARDING THIS WORK ARE INTENDED TO BE PRIVILEGED AND CONFIDENTIAL. ALL RESULTS PERTAINING TO WORK PERFORMED UNDER THIS CONTRACT SHALL BE SUBMITTED TO THE PG&E LAW DEPARTMENT.
DESCRIPTION OF WORK:	See Exhibit A – STATEMENT OF WORK. The terms of Master Services Agreement 4400011341 between PG&E and PricewaterhouseCoopers LLP are incorporated herein by reference.

Authorized by: For PG&E

Accepted by: For Consultant or Contractor

Signature

Date

Signature

Date

Janet Loduca
Senior VP and Deputy General Counsel

Type or Print Name

Morris Jones
Partner

Type or Print Name

12/13/18

NOTE: ALL WORK PERFORMED UNDER THIS CONTRACT IS AT THE DIRECTION OF THE PG&E LAW DEPARTMENT. ACCORDINGLY, ALL COMMUNICATIONS REGARDING THIS WORK ARE INTENDED TO BE PRIVILEGED AND CONFIDENTIAL. ALL RESULTS PERTAINING TO WORK PERFORMED UNDER THIS CONTRACT SHALL BE SUBMITTED TO THE PG&E LAW DEPARTMENT.

Notwithstanding any other payment terms in Master Services Agreement 4400011341 between PG&E and PricewaterhouseCoopers LLP, all invoices for work performed hereunder shall be submitted directly to the PG&E Law Department for payment.

Contractor shall ensure that it has complied with all applicable requirements for an alternate work schedule in accordance with California Labor Codes. Please refer to California Department of Labor Relations located at www.dir.ca.gov



December 10, 2018

Brian Wong
Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94105

Dear Mr. Wong:

This addendum to the engagement letter (the "Engagement Letter") between Pacific Gas and Electric Company and PricewaterhouseCoopers LLP, a Delaware limited liability partnership ("PwC") dated June 12, 2018 is fully incorporated therein. All terms used in this addendum but not otherwise defined will have the same meaning as in the Engagement Letter.

The purpose of this addendum is to confirm the parties' understanding of the following additional Services, the timing of which will conform to the Company's strategies and priorities. The Services will include holding discussions with certain officers, employees and outside consultants of Client ("PG&E, "Company"), performing financial analysis of the historical results and trends of the Company, reading and providing comments on information prepared by management to be provided to [REDACTED], providing advice on Client's preparation of a data room, advising on the various tax aspects of the proposed [REDACTED] structure, and performing certain other Services which will follow those outlined below.

Additional Services

PMO Workstream: [REDACTED] Program Management Office and Operational Support

- Create the [REDACTED] Project Management Office overall governance structure, including establishing a project organizational structure with PG&E leadership and PwC support across deal team workstreams, meeting cadence, progress tracking / reporting, and helping form a decision authority. We plan to provide [REDACTED] management oversight to the functional workstream leads, and other [REDACTED] specific stakeholders involved with the [REDACTED] activities;
- Following the PG&E PMO leader's initial kickoff session design and facilitate working sessions, as required with deal working teams and/or functional separation teams to help launch and coordinate the [REDACTED] activities (i.e., a "kick-off" meeting). These working sessions are designed to continue momentum in [REDACTED] planning process by conducting planning workshops to review deal objectives, [REDACTED] methodology, timelines and tools based on PwC's past experiences;



- Provide example [REDACTED] planning frameworks and plans based on industry leading practices to be used during the functional break-out sessions to customize and document outputs (e.g., [REDACTED] "Must-Haves", milestones and timelines, assumptions, and next steps);
- Assess output of each of the functional workshops to help prioritize key findings and provide guidance and recommendations to management based on industry leading practices;
- Assist the PG&E project teams and deals sponsor in coordinating and tracking progress amongst functional teams in order to provide program-wide visibility of timing and status or progress. In addition, strengthen accountability for each task and activity related to [REDACTED] planning in the various workstreams;
- Support PG&E's PMO with proactive issue identification, escalation and assistance in resolving issues and Management's determined critical [REDACTED] decisions;
- Support the regular status updates with PMO leader(s), functional leads and other third party service providers supporting the [REDACTED] activities and bi-weekly updates for the executive sponsors; and
- Use the status reports provided by the Client's functional leads to measure and provide feedback on progress and achievement of overall [REDACTED] objectives, milestones, issues and dependencies and recommended actions based on Client's stated objectives and criteria.

[REDACTED] Service Agreement Support:

- Develop [REDACTED] launch discussion documents to kick-start the [REDACTED] development process, outline development steps, expectations and timing;
- Leverage each functional areas entanglement log to review and confirm cross-functional entanglements captured between PG&E [REDACTED]. Recommend the schedule of services to be included as part of the PG&E [REDACTED], including any potential [REDACTED] services that may be provided by [REDACTED] PG&E;
- Provide recommendations on terms and conditions, governance, and other potential risk areas that may be encountered during the execution of the [REDACTED] services based on PwC's experience and industry best practices;
- Provide comments on service levels for consideration in the [REDACTED], including alternative methods to monitor how PG&E provisions [REDACTED];
- Evaluate the current cost allocation methodology and cost levels and recommend potential [REDACTED] service fee structure so that the Parent recovers all costs to support [REDACTED] during the proposed [REDACTED] period. Assist PG&E in defining service costs and pricing .



mechanisms for each service provided based on actual costs or market prices for third-party services;

- Assist PG&E with preparing to implement the [REDACTED], including developing the [REDACTED] governance model (e.g., billing and collections, service changes, termination of services, disputes, etc.);
- Assist functional leaders in identifying one-time costs and recurring costs that may be incurred to prepare PG&E to deliver the [REDACTED] services starting on [REDACTED] and
- Provide templates and facilitate review sessions to develop the [REDACTED] schedule of services across relevant functional areas and services. Assist in coordinating activities for the [REDACTED] development, including deliverable management, status reporting, and issue and dependency management.

Operational Workstream: HR

- Provide advice on establishing the HR [REDACTED] structure, defining roles and responsibilities of resources, and defining HR sub-workstreams and project timelines;
- Advise Client management in operating the HR workstream, including executive reporting, issue resolution, dependency coordination, one-time cost identification and facilitate the escalation of critical path issues related to [REDACTED] and mitigate delays;
- Facilitate working sessions to prepare HR [REDACTED] plans and provide advice on (i) potential risk areas and tasks which may not be completed on time, and (ii) potential gaps for activities that may not have been considered to date. Where relevant, highlight potential areas which may ultimately require incremental [REDACTED] services from the [REDACTED] based on our knowledge of leading practices;
- Document key [REDACTED] decisions, issues and dependencies communicated by [REDACTED] team for consideration and incorporation into Client management prepared [REDACTED] workplans;
- Document a [REDACTED] critical path / potential milestones and long-lead time items that may be needed to [REDACTED] HR [REDACTED] for use by Client management in their [REDACTED] planning;
- Based on our understanding of leading practices, PwC will provide advice to Client management on the structure and approach to establishing [REDACTED] compensation plans, including retention, cash-based compensation, equity-based compensation and other management long-term incentive plans;



- Participate in meetings with management and benefits brokers / vendors to provide advice on how the employee benefit plans setup fits into the broader [REDACTED] plan;
- Based on our understanding of leading practices, provide advice to Client management and third party providers on structure and approach as Client management plans, designs and establishes [REDACTED] benefit plans; and
- Provide advice based on our experience and leading practices in response to queries from Client management in the establishment of HRIS, benefits administration, payroll and future state HR service delivery model.

Operational Workstream: Pension

- Review historical treatment of pension liability and P&L expense to identify any pro forma adjustments that may be identified by potential [REDACTED], including any potential regulatory impact;
- Understand potential impact to pension liability and assets as a result of the proposed [REDACTED]
- Discuss alternatives for [REDACTED] pension plan and potential [REDACTED] assets and liabilities, including any potential limitations posed by regulations;
- Assist with preparation of [REDACTED] financial information with respect to assets, liabilities, and P&L expense related to the pension plan; and
- Advice on necessary steps to execute [REDACTED] of pension plan and [REDACTED] assets and liabilities, if applicable.

Financial Workstream: Accounting and Financial Reporting

- Analyze accounting and reporting issues based on information and facts provided by Client that include suggestions on possible alternative accounting and reporting treatments that may be available for Client's consideration (e.g. [REDACTED] operations, etc.);
- Advise on potential [REDACTED] related matters, such as basis of presentation, [REDACTED] corporate costs, [REDACTED] transactions, pension and other employee benefits, impairments, taxes, treasury matters (e.g. derivatives, debt), etc.;
- Advise the Client as it quantifies the required accounting and [REDACTED] adjustments to reflect [REDACTED] basis; provide observations on management's [REDACTED] approach and methodology;
- Assist the Client with accumulating audit support materials;



- Advise on potential financial reporting and filing considerations related to the [REDACTED]
- Assist the Client with reconciling the [REDACTED] financial statements [REDACTED] to Deal basis financial statements and FERC filings;
- Review and advise on document drafts prepared by Client in connection with the Transaction (e.g., draft [REDACTED] financial statement disclosures, presentation formats, [REDACTED] agreement, etc.); and
- Attend various meetings with Client and its other advisors to provide advice and recommendations to Client in respect of issues relating to the [REDACTED] financial statements.

If requested, PwC will provide advice and assistance in connection with Client's preparation of pro forma information that Client may include in its disclosure documents. PwC will provide advice on possible pro forma adjustments for Client to consider in its decision making. PwC will prepare an electronic spreadsheet of the pro forma adjustments selected by Client, using information Client provides to PwC. PwC will provide Client with various draft copies of the pro forma schedules, which will be reviewed and approved by the member of Client's management team responsible for such information and its use.

PwC will perform certain bookkeeping Services to advise and assist Client in connection with its preparation of its financial statements or accumulation of other financial statement data and disclosures, account analyses and reconciliations. PwC will prepare or accumulate such information based upon Client's instructions, using procedures and methods approved by Client. The completeness and accuracy of all information used by PwC as well as the resulting financial statements and other materials prepared by PwC will be reviewed and approved by the member of Client's management team responsible for the information and its use. Bookkeeping Services may include the following:

- Aggregating general ledger information into financial statement line items, or providing schedules, summaries or other account reconciliations,
- Preparing or proposing certain adjustments to specific accounting transactions, any related journal entries and footnote disclosures,
- Assisting in the construction and presentation of Client's financial statements for each year or period presented, and
- Drafting or editorializing financial statement footnotes or other financial statement disclosures,

Client has also requested project management advisory Services related to Client's management of the [REDACTED] workstream. Client will designate a member of its management team to be the leader of the project and associated workstreams. Client's project leader will oversee, review and take responsibility for all activities performed by PwC in connection with such Services. PwC will perform the following project management advisory Services:



- Provide advice and assistance to support Client in the development of project plans including, as requested, advice on the timing of milestones and interdependencies, communication frameworks (e.g., the development of status reporting templates), governance structures (e.g., the responsibilities of various project teams/participants), resource requirements, and issues resolution processes;
- Based on Client-provided information, assist in preparing and collating status reports for Client's project manager and making project updates to Client's project plan and other project management tools; and
- Provide observations on project status, potential completion risks and interdependencies.

Client is responsible for determining the tools to be used in managing the project, including criteria to be used in flagging issues, etc. Client is responsible for providing the format for all reports and the tools used. If requested, PwC can provide advice and assistance to support the creation of such tools. Client's project manager is responsible for determining and taking all actions in managing the project.

PwC will perform the Services only in the context of matters specified by Client. PwC may: (a) hold discussions with certain officers, employees, outside consultants and other individuals as determined by Client; and (b) read various outlines and other documents provided to PwC. Additional Services may be requested and agreed to between the parties during the course of the engagement.

Tax Workstream:

- Provide support to and liaison with PG&E Tax and Management in connection with the [REDACTED] planning and implementation activities;
- Gain an understanding of the asset basis to be transferred for tax purposes and amount of debt to be assumed in connection with [REDACTED];
- Assist PG&E Tax with analysis of public utility tax accounting [REDACTED] rules and provide tax advice with respect whether [REDACTED];
- Participate in workstream discussions to identify tax efficiency opportunities that may be implemented and provide tax advice to Management on an as-needed basis in connection with issues raised or conclusions reached in the other workstreams; and
- Consider need for IRS private letter ruling to address US federal income issues applicable for the chosen [REDACTED] scenario. If IRS private letter ruling is needed, preparation of pre-submission conference memo, meet with IRS national office officials to discuss private letter ruling, preparation of private letter ruling and submission to the



IRS and assistance with post-submission discussions and information data requests from IRS.

Operational Workstream: Target Operating Model

- Determine [REDACTED] approach and methodology (e.g., [REDACTED] etc.);
- Develop guiding principles for overall operating model and functional separation, including any potential corporate [REDACTED] guidelines (if applicable based on the proposed [REDACTED] legal entity structure);
- Assemble baseline organization (people and costs), and frame strategic imperatives and critical capabilities for PG&E [REDACTED];
- Determine overall [REDACTED] operating model and organization (role of [REDACTED] for PG&E [REDACTED] implications);
- Determine any functions for efficiency and/or regulatory requirements, based on the proposed [REDACTED], that must be further [REDACTED] (e.g., Pipeline Operations & Integrity, Engineering, Asset Management, Customer Service, Sales & Marketing, Regulatory Affairs, Community Relations, Field Operations, EH&S, Supply Chain, Admin./ Corporate & Shared Services etc.);
- Qualify impacts and any linkages [REDACTED] as applicable that must influence the [REDACTED] operating model design;
- Identify key issues to resolve for each element of [REDACTED] operating model and relevant aspects of PG&E's operating model;
- Develop change management strategy around the [REDACTED] operating model plan;
- Support the development of an interim [REDACTED] including the following:
 - o Legal Entity [REDACTED] - Long lead time items, execution plan, regulatory approvals, employee and [REDACTED] planning
 - o Determine any one time cost and potential dis-synergies impacts (e.g., facility [REDACTED])
 - o Identify major areas to resolve for services and functions currently shared
 - o Develop next steps to move forward operating model designs